

February 13, 2019

Canon Marketing Japan Inc.

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TSE Code: 8060

Tokyo Stock Exchange (First Section)

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Notice Regarding the Introduction of a Performance-based Stock Compensation Plan

Canon Marketing Japan Inc. announced today that, at a Board of Directors meeting held on February 13, 2019, the Company resolved to introduce a performance-based stock compensation plan (hereinafter the “Plan”) as described below and decided to submit a proposal on the Plan to the 51st Ordinary General Meeting of Shareholders (hereinafter the “General Meeting of Shareholders”) to be held on March 27, 2019. Details are as follows.

1. Purpose of and conditions for introduction of the Plan

- (1) The Plan will be introduced to provide an incentive to Executive Officers who are Vice Presidents or higher (including persons serving concurrently as Directors; excluding Outside Directors) (hereinafter referred to collectively as “Eligible Officers”) to achieve the full-year consolidated income plan.
- (2) Introduction of the Plan is conditional upon approval of the Directors’ compensation proposal relating to the Plan (hereinafter the “Directors’ Compensation Proposal”) at the General Meeting of Shareholders.

2. Outline of the Plan

<Outline of the Plan>

Under the Plan, the Company will deliver shares of its common stock as officer compensation to Eligible Officers of the Company according to the degree of achievement of the full-year consolidated income plan (hereinafter the “Corporate Performance Indicator”) during the time that the Eligible Officers are in office (hereinafter the “Eligible Period”).

Eligible Officers will only receive delivery of shares of common stock of the Company after they have retired from office.

<Structure of the Plan>

The Company will obtain approval for the Directors' Compensation Proposal related to introduction of the Plan at the General Meeting of Shareholders.

- (i) The Company's Board of Directors will establish stock compensation rules setting out details of the Plan such as the method used to calculate shares of common stock of the Company to be delivered to Eligible Officers.
- (ii) For every fiscal year that comes to an end within the Eligible Period, the Company will, at a prescribed time, determine the amount of compensation to be awarded to each Eligible Officer according to the degree of achievement of the Corporate Performance Indicator and calculate the cumulative total of such amounts.
- (iii) When Eligible Officers retire from office, the Company will deliver to them a number of shares of its common stock calculated according to the cumulative total of the compensation amounts.
- (iv) The Company will make delivery of shares of its common stock to Eligible Officers either through the issuance of new shares or the disposal of treasury shares. The Company will grant monetary compensation receivables to Eligible Officers and, the Eligible Officers will make in-kind contributions of the monetary compensation receivables in return for the Company's common stock at the time of such issuance of new shares or disposal of treasury shares.

3. Resolution of General Meeting of Shareholders Concerning Introduction of the Plan

Under the Plan, the monetary compensation receivables (hereinafter the "Individual Monetary Compensation Receivable Amount") granted for the delivery of shares of the Company's common stock to each Eligible Officer will be determined as follows, and other necessary matters for introduction of the Plan will be resolved at the General Meeting of Shareholders.

<Monetary compensation receivables granted for the delivery of shares of the Company's common stock to each Eligible Officer>

Sum total of standard stock compensation amounts specified for each position adjusted for each Eligible Officer according to the degree of achievement of the Corporate Performance Indicator in each fiscal year that ended within the Eligible Period = Individual Monetary Compensation Receivable Amount

Since, the Plan requires the Company to make delivery of shares of its common stock according to the degree of achievement of the Corporate Performance Indicator, at the time of

introduction of the Plan, it is not yet certain whether the Company will deliver shares of its common stock or the number of shares to be delivered, if any.

<Method used to calculate the number of shares of the Company's common stock to be delivered to each Eligible Officer >

The method used to calculate the number of shares of the Company's common stock to be delivered to each Eligible Officer (hereinafter the "Individual Number of Shares to Be Delivered") will be as follows.

【Method used to calculate Individual Number of Shares to Be Delivered】

For every fiscal year that comes to an end within the Eligible Period, the Company will, at a prescribed time, determine the amount of compensation to be awarded to each Eligible Officer according to the degree of achievement of the Corporate Performance Indicator and calculate the cumulative total of such amounts. When Eligible Officers retire from office, the Company will deliver to them a number of shares of its common stock calculated according to the cumulative total of the compensation amounts. (Please refer to "Equation" below. Any fraction of less than one share will be discarded.)

In the case of changes in rank due to promotion, etc. partway through a fiscal year, the compensation amount for the fiscal year in question will be adjusted in accordance with the stock compensation rules. Furthermore, if the total amount of compensation, etc. of Directors exceeds the limit on compensation for Directors (800 million yen per year) approved at the General Meeting of Shareholders by granting the monetary receivables for compensation amounts calculated in accordance with the foregoing, the Individual Number of Shares to Be Delivered to each Eligible Officer will be reduced by a reasonable method determined by the Company's Board of Directors (unless the Company has received approval for a revision of the compensation limit at another General Meeting of Shareholders).

【Equation】

Individual Monetary Compensation Receivable Amount / Amount to be paid in per share on the issuance of new shares or the disposal of treasury shares* = Individual Number of Shares to Be Delivered

* Amount to be paid in per share will be determined by the Board of Directors, provided, however, that such amount must not be particularly advantageous to the Eligible Officers.

4. Conditions for Delivery of Shares of the Company's Common Stock under the Plan

Upon retiring from office, Eligible Officers will be able to receive delivery of shares of the Company's common stock after completing the procedures prescribed in the stock compensation rules provided that they satisfy the following conditions for delivery of shares of the Company's common stock:

- (i) Recipient has served as an Eligible Officer of the Company during an Eligible Period since the start date of the Plan (includes an individual who newly became an Eligible Officer on or after the start date of the Plan).
- (ii) Recipient has retired from office as an Eligible Officer of the Company.
- (iii) The Individual Number of Shares to Be Delivered has been determined.
- (iv) Recipient is not an individual deemed by the Company's Board of Directors as having committed (i) a material breach of the Eligible Officer's contract with the Company or (ii) illegal activity, or an individual who retired from office at his or her own convenience against the Company's wishes.
- (v) Recipient has satisfied any other conditions deemed necessary by the Company to achieve the aim of the Plan.